

**AGENDA ITEM 4**  
**AUDIT RESOLUTION STATUS - INTERNAL AUDITS**  
**(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)**  
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Audit Activity (Report Issue Date)	Responsibility	Description of Risk / Finding	Status/Comments
Operational Recovery Planning Process (7/23/07)	Information Technology Services Branch	2.1 Current policy does not require all staff to attend an annual Disaster Recovery Training seminar. Since August 2004, staff levels for the Information Technology Services stand at more than 480 employees. However, only 72 employees attended a seminar in 2005 and 88 in 2006.	IN PROGRESS. The Disaster Recovery Unit will work with Information Technology Services Branch's management to clarify this policy.
		4.1 The Operational Recovery Plan has areas of incomplete and/or outdated information. Telephone and pager numbers are not listed for selected staff, recovery locations mentioned are no longer used, and list information between business critical functions, applications, and information technology requirements are not adequately illustrated.	IN PROGRESS. The Operational Recovery Plan is a "living" document and is constantly being revised. The Disaster Recovery Unit is reviewing the plan and making corrections/updates.
	Technology Services and Support	4.2 CalPERS has two designations with very similar recovery responsibilities assigned to two different positions within the Technology Services and Support Division.	IN PROGRESS. The Disaster Recovery Unit changed the Operational Recovery Plan to reflect this inconsistency. The Disaster Recovery Unit will work with Operations Support Services to ensure consistency with CalPERS Business Continuity Plan.
		4.3 CalPERS has an inter-agency agreement with the Department of Technology Services for recovery services from IBM. The current contract expired on 6/30/06 and a proposed contract was still being reviewed by the end of March 2007.	IN PROGRESS. The Department of Technology Services has extended the contract through a series of amendments and is in the process of executing a new contract.
		5.1 Technology Services and Support's Disaster Recovery Unit is not always made aware of production environment changes. Currently, a representative from the Disaster Recovery Unit is not required to sign the Change Request form acknowledging that it has been made aware of changes.	IN PROGRESS. The Disaster Recovery Unit is in the process of becoming a member of the Information Technology Change Control Board which will provide the unit with up-to-date notice of production environment changes.
	Information Technology Services Branch	5.2 The Disaster Recovery Policy does not specifically define the frequency that the Plan should be tested or the extent of testing required.	IN PROGRESS. The Disaster Recovery Policy will be reviewed and revised to include such a definition.

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Operational Recovery Planning Process (7/23/07) (continued)	Information Technology Services Branch	5.3 In June 2006, a full recovery test was scheduled, but was stopped before full recovery was achieved. A report summarizing weaknesses identified was not finalized. The Operational Recovery Plan was still pending revision as of May 2007.	IN PROGRESS. CalPERS has contracted with Stanfield Systems to perform a review of its disaster recovery strategy and propose options. Based on the outcome of this review, the Operational Recovery Plan will be modified.
Global Public Markets External Investment Manager Review (Barclays) (8/2/07)	Investment Office	8.1 For future agreements between CalPERS and Barclays Global Investors, as well as other managers, the Investment Office should work with Contract Management to develop appropriate contract language to address the disaster recovery capabilities of the external manager.	IN PROGRESS. Operations Support Services has drafted contract language and a series of inquiries to be included in the Request for Proposal that will address disaster recovery capabilities.
Review of the Employer Reporting Process (10/19/07)	Employer Services	1.1 We reviewed the Retirement Contribution Receivable Account from July 2006 to April 2007. Fiscal Services did not establish target dates for completion nor were reconciliations completed timely. Without a timeline for completing general ledger reconciliations, Fiscal Services cannot ensure that financial data is accurate and reliable.	COMPLETE. Fiscal Services has established target dates for payroll general ledger reconciliations based on agreements with Employer Services, and communicates those target dates to staff. Fiscal Services reviews the status log with staff.
	Fiscal Services	2.1 Fiscal Services did not always comply with the procedures that were established for the mailing of follow-up Notice of Adjustment letters. Two samples reviewed showed late notices mailed and a third sample showed a follow up mailing was due but had not yet been completed.	COMPLETE. Fiscal Services has notified appropriate staff in writing emphasizing the importance of following up on Notice of Adjustment letters in accordance with management's corrective action response to this finding.
	Employer Services	3.1 Employer Services monitors and tracks the status of missing payroll via a database. We found reference notes were not always decipherable. The actions taken and status of an employer's contribution payment could not be easily determined.	COMPLETE. Employer Services has modified its procedures and are entering appropriate notes in the missing payroll database.

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Review of the Employer Reporting Process (10/19/07) (continued)	Fiscal Services	3.2 Employer Services needs to expand its written procedures to cover the entire process of notifying employers of missing payroll and administrative charges. Procedures should also address follow-up to be performed on the receivables for the administrative charges.	COMPLETE. Fiscal Services has updated procedures for handling administrative charges. Fiscal Services and Employer Services continue to work together to help resolve outstanding issues.
	Employer Services	3.3 Employer Services does not monitor the due dates for employer payroll to ensure that requests for extensions are received ten days prior to the payroll due date. The current system does not have the capability and no manual processes were developed.	IN PROGRESS. Until implementation of PSR, Employer Services is working on creating a simple procedure for handling the extensions. PSR specifications include these requirements within this new system.
	Fiscal Services	3.4 Fiscal Services, upon notification from Employer Services, did not always cancel the accounts receivable set up for administrative charges. Also, Employer Services did not maintain documentation supporting that notifications were sent to Fiscal.	COMPLETE. By establishing written procedures, maintaining copies of requests for cancellations, and incorporating into the procedures communication with Employer Services confirming receipt of request and cancellation of receivables, Fiscal Services has ensured that receivables are cancelled when waivers are granted.
Alternative Investment Management External Partner Review - 2006 (11/13/07)	Investment Office	5.1 The General Partner has a disaster recovery plan to safeguard the partnership's investment information. However, the Limited Partnership Agreement does not include a provision requiring a disaster recovery plan.	IN PROGRESS. Alternative Investment Management is developing a procedures manual that will detail processes and approvals if a prospective manager does not have a disaster recovery plan. Most managers do have disaster recovery plans, and to date, Alternative Investment Management has not had to seek approval for any exceptions.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07)	Information Security Office	1.1 The Separation of Duties Practice contains broad separation of duties requirements. The job categories are not defined, nor has CalPERS adopted a formal set of definitions.	IN PROGRESS. The Information Security Office will revise the Separation of Duties Practice to define job categories that require separation.
	Technology Services and Support	1.2 Information Technology Services has not established a Network Zone Requirement document as required by the Network Zones Security Practice.	COMPLETE. A Network Zone Requirements document was created by the Technology Services and Support Division.
	Information Security Office	1.3 Information Technology Services Security Administration monitors wireless activity at CalPERS. Its monitoring does not cover all CalPERS locations. Lincoln Plaza East, Regional Offices, and the Emergency Operations Center are not monitored.	IN PROGRESS. Security Administration Services has worked with other CalPERS units and Colliers to procure additional AirDefense sensors for the entire Lincoln Plaza complex, the Regional Offices, and the Emergency Operations Center. Security Administration Services estimates it will take until the end of November 2008 to deploy the sensors and begin to monitor wireless activities at all CalPERS locations.
		1.4 Neither Information Technology Services nor the Information Security Office performs a periodic range scan to ensure the boundary of the wireless network has not been altered.	IN PROGRESS. Security Administration Services has drafted a set of procedures for measuring and recording the precise extent of radio eminence around the CalPERS WLAN external boundary. It will exercise the procedures and report on the findings by the end of November 2008.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Information Technology Services Branch	1.5 Password configuration enforcement was reviewed for ACES, COMET, CRS, PA Billing, RIBS, and SCBA systems. It was noted that the systems' configurations do not always comply with the requirements specified in the security practice. The degree and area of noncompliance varies by system.	IN PROGRESS. The Information Technology Services Branch continues to work on password configuration enforcement for these systems/applications.
	Information Security Office	1.6 The Information Security Office does not currently monitor password compliance.	IN PROGRESS. The Information Security Office will implement automated tools to measure compliance with password requirements.
	Information Technology Services Branch	1.7 Office of Audit Services observed instances of login IDs failing to comply with the Identity Authentication Practice.	IN PROGRESS. Security Administration Services will coordinate the following: itemize shared accounts risks; identify existing security measures mitigating the risks; determine residual risks; identify additional security measures to further reduce residual risks and their costs.
		1.8 Information Technology Services is in the process of defining security standards. Information Technology Services keeps a list of Microsoft servers, but the list was not current.	IN PROGRESS. Windows and Network Directory Services developed a draft security policy and security standards for servers managed by it in 2002 and 2003 respectively. These standards will be finalized by management. Windows and Network Directory Services maintains an inventory database of all servers it manages and maintains.
	Information Security Office	1.9 We reviewed a sample of six systems and did not observe evidence that management reviewed system logs for changes made to user profiles by security administrators.	IN PROGRESS. The Information Security Office will modify the Event Logs Practice to require periodic review of all event logs, including those that record changes to user profiles by the Information Security Office.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Information Technology Services Branch	1.10 The only portable devices being encrypted now are laptop computers. Other portable computing devices such as Personal Digital Assistants (PDAs) are not encrypted.	IN PROGRESS. Technology Services and Support Division/ Enterprise Desktop Customer Services are in the process of developing a strategy and augmenting staffing levels to address PDA encryption. This will include coordinating with Information Technology Administration Division to develop and implement policy and procedure to ensure that all portable devices containing personal, sensitive, or confidential data are encrypted.
	Operations Support Services	1.11 Of 1,055 laptops identified on Operations Support Services Division's inventory records, 637 were not on the Enterprise Desktop Computer Services' list of laptops with installed encryption software. We attempted to test 30 of the 637 laptops for proper encryption, but were unable to locate 14 of the 30 laptops.	IN PROGRESS. Operations Support Services conducted a physical inventory of all laptops and worked with Information Technology Service Branch to ensure that encryption is installed on all laptops containing CalPERS data. Completion is pending Office of Audit Services verification.
	Information Security Office	1.12 The Software Licensing Practice does not require that software be only acquired from reliable and safe sources.	IN PROGRESS. The Information Security Office will add this requirement to the Software Licensing Practice.
	Technology Services and Support	1.13 Data owners are not consistently part of the remote access approval process. Out of 11 systems' data owners contacted, only four indicated they have knowledge that staff is able to remotely access data. Only two of 11 systems' data owners are involved in the remote access approval process.	IN PROGRESS. Provisioning remote access is a two step approach with Security Administration Services enabling the "Security Token" and Enterprise Desktop Customer Support (EDCS) enabling the user's rights to specific systems. Security Administration Services will work with EDCS to determine the level of effort required to implement data owner approval for remote access to all systems.
	Information Security Office	1.14 Data owner responsibilities are defined, but not all are implemented. Out of 11 systems' data owners that were contacted, seven indicated that they are not currently performing a periodic review of user accounts to ensure that access granted remains appropriate.	IN PROGRESS. The Information Security Office will provide annual notification to data owners of their responsibilities, including the responsibility to monitor access authorizations.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Information Security Office	<p>1.15 A sample of 30 termination/transfer requests were tested. Nineteen requests were not submitted five days or more before the effective date. Ten of the 30 requests were not processed within 10 days from the request or effective date, whichever was later.</p> <p>1.16 Written procedures have not been established to ensure consistent and proper handling and reporting of security incidents.</p> <p>1.17 Current external reporting requirements contained within the Information Security Incidents Practice do not fully incorporate or reference current external reporting requirements contained in SAM §4845. Potential security incidents requiring external reporting may not be properly and timely reported.</p>	<p>IN PROGRESS. The Information Security Office distributed instructions to all managers, supervisors and system administrators describing the requirements for timely termination of user accounts that are no longer needed in November 2007. Similar notifications will be sent periodically in the future.</p> <p>IN PROGRESS. The Information Security Office will develop internal procedures to document the process for incident reporting.</p> <p>IN PROGRESS. The Information Security Office will modify the Security Incidents Practice to refer to the external reporting requirements as defined in the State Administrative Manual §4845.</p>
	Operations Support Services	1.18 Operations Support Services and Building Management have not fully implemented policies and procedures for requesting, establishing, modifying, terminating, and controlling temporary building access badges.	IN PROGRESS. Operations Support Services drafted implementation policies and procedures for controlling temporary building card badges, and will account for or disable temporary access badges. The procedures are in review.
	Fiscal Services	3.1 The collections efforts for Accounts Receivable for a number of types of receivables from public agencies appeared limited and inconsistent. It appears that all of the collection efforts in late 2006 have completely stopped on eight test accounts.	COMPLETE. Fiscal Services now sets up receivables for public agency administrative fees, and sends a collection letter after 30, 60, and 90 days.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Fiscal Services	3.2 As of June 2007, the reconciliations for some accounts receivable were last completed in February 2007.	COMPLETE. Accounts receivable have been reconciled in a timely manner in accordance with SAM §7801. Fiscal Services has also established written procedures to ensure that future reconciliations are prepared timely and a log to track and monitor the status of monthly reconciliations.
	Operations Support Services	4.1 No policies and procedures exist within CalPERS for the use of the Department of General Services Blue Card.	COMPLETE. Operations Support Services has established procedures for the use of the Department of General Services Blue Card that appropriately address authorization, roles, the control log, and annual inventory.
		4.2 The control log of Blue Card users is not kept current. This is a necessary internal control to ensure accountability.	IN PROGRESS. Operations Support Services is establishing a practice for keeping the control log current on an ongoing basis.
		4.3 Periodic inventories of the Blue Card are not performed. This is a necessary internal control to ensure accountability.	IN PROGRESS. Operations Support Services has performed an inventory of Blue Cards and is in the process of integrating the control log and periodic physical inventory processes.
	Fiscal Services	4.4 There are no reconciliations between CalPERS' Blue Card control log and Department of General Services' Master List as prescribed in the Office of Fleet Administration Handbook.	IN PROGRESS. Operations Support Services plans to put in place a process for periodic reconciliations with Department of General Services' Master List.
		4.6 In two instances, Fiscal Services was late in paying the bank for purchases made with the Cal Card.	COMPLETE. Fiscal Services has established procedures and timeframes for submitting payments in PeopleSoft and claim schedules to SCO to ensure that payments are made on time to the bank for purchases made with the Cal Card.



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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Fiscal Services	<p>4.7 Monthly reconciliations of the department's expenditure accounts were not performed monthly from July 2005 to the present as required by State Administrative Manual §7921. Fiscal Services only completed reconciliations for July, August, and September 2005.</p> <p>4.8 Two Transaction Requests related to Plans of Financial Adjustment listed in the reconciliation of department expenditures with State Controller's balances lacked an authorized signature. These represented transactions of more than \$2 million each.</p> <p>4.9 Six of the 17 claim schedules tested did not have the signature of the accounting official authorized to sign. Instead of a signature, the six claim schedules bore a stamp that read "ACCOUNTING ADMINISTRATOR."</p> <p>4.10 Of the 22 invoices tested, two facsimiles and five original invoices were without a date stamp.</p> <p>5.1 A review of the uncleared check report for January 2007 revealed four checks that were stale dated (13 to 14 months old) that needed to be canceled or payment stopped.</p>	<p>COMPLETE. The expenditure accounts have been properly reconciled with the State Controller's balances timely in accordance with SAM §7921. Fiscal Services has also established written procedures to ensure that future reconciliations are prepared timely and has also established a log to track and monitor the status of all reconciliations.</p> <p>COMPLETE. Fiscal Services has established the Plan of Financial Adjustment Procedures that instruct the analyst to sign and date the reconciliation of department expenditures with State Controller's balances.</p> <p>COMPLETE. Fiscal Services has communicated requirements for an authorized official's signature on claim schedules, and provided a list of authorized officials, in order to ensure that all claim schedules receive an authorized signature.</p> <p>COMPLETE. Fiscal Services has communicated to staff the requirement that invoices receive a date stamp and has communicated to staff the reasons for the problem leading to the original finding.</p> <p>COMPLETE. Fiscal Services has written procedures to cancel stale dated checks, and has cancelled the checks found during the audit.</p>

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Fiscal Services	<p>5.2 Fiscal Services did not always request transfer of financial adjustments on a timely basis. For a period covering October 2006 through January 2007, only one transfer of expenditure was conducted in an amount of more than \$10 million, even though expenditures exceeded \$100,000 per quarter.</p> <p>5.3 Review of the general checking reconciliations revealed that the most recently completed reconciliation as of June 2007 was February 2007. As of June 2007, the individual who conducted the reconciliations transferred to a different unit and as of our fieldwork, no one was assigned to the general checking reconciliation.</p> <p>6.1 Fiscal Services made two payments to an employee for the same travel claim.</p> <p>6.2 Review of the aging salary advance worksheet revealed that the salary advances given to employees are not being cleared in a timely fashion.</p> <p>6.3 Fiscal Services does not have a policy or procedures in place to remove salary advance balances that are insignificant because they are below a certain threshold, such as \$0.01 shown as due on the Salary Advance worksheet.</p>	<p>COMPLETE. Fiscal Services has established the Plan of Financial Adjustment Procedures that instruct the analyst to sign and date the reconciliation of department expenditures with State Controller's balances.</p> <p>IN PROGRESS. Although Fiscal Services effectively implemented the use of a log to track and monitor the status of bank reconciliations, the actual completion of bank reconciliations continues to exceed the 30-day limit required by SAM §7901.</p> <p>COMPLETE. Fiscal Services has developed and implemented procedures, and communicated to the appropriate staff, on processing travel claims to prevent duplicate payments.</p> <p>COMPLETE. Fiscal Services has established the Administrative Accounting Salary Advance Procedures and maintains a spreadsheet including comments, work completed, and status of measures to collect funds.</p> <p>COMPLETE. Fiscal Services has developed, implemented, and communicated procedures for handling insignificant advance balances.</p>

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Fiscal Services	6.4 Travel advances given to employees are not being cleared in a timely fashion. For example, 30 individuals had travel advance balance more than 90 days old, and some dated back as far as 2001.	COMPLETE. Fiscal Services has established and is following procedures for pursuing travel advances. Fiscal is catching up with older outstanding advances, and now has procedures for sending the appropriate follow-up letters in the 30-day timeframes indicated in its procedures.
		6.5 Review of the travel advance process revealed duplicate crediting of one individual's account. Incorrect entries were made during and after the implementation of PeopleSoft for two travel agencies.	COMPLETE. Fiscal Services cleared all the erroneous entries for the travel agencies and cleared these against an offsetting outstanding miscellaneous balance.
		6.6 Fiscal Services performs monthly reconciliations for Revolving Fund Cash Book. Although errors are identified as reconciling items that require correcting entries, they are not resolved timely.	IN PROGRESS. The May 2008 reconciliation report still contains several reconciling items that date back as far as July 2002. Fiscal Services is currently in the process of revising its current procedures and expect to include a process to ensure reconciling items are cleared timely.
		6.7 The physical count of petty cash revealed \$200.00 on hand although the General Ledger accounting records showed a balance of \$140.40.	COMPLETE. Fiscal Services has defined specific petty cash procedures, has recently conducted a surprise petty cash audit in accordance with those procedures, corrected a mistaken entry regarding petty cash in the General Ledger, and uses another tool involving matching balances from two different activities for additional assurance that the petty cash balance is correctly recorded.
		6.8 A review of the Benefit Revolving Fund Aging Report for January 2007 revealed numerous payables and receivables that are aged over 90 days.	IN PROGRESS. Fiscal Services staff has made progress in clearing some of the items over 90 days old and has established an effective line of communication with Benefits Services to resolve this issue.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Human Resources Services	7.1 Employee timesheets (STD 634s) are not properly secured in Human Resources Services and are sometimes left unsecured on the staff's desk over night.	COMPLETE. Human Resources properly secures employee timesheets and all other sensitive information in locked cabinets. In addition, STD 634s no longer require social security numbers.
	Fiscal Services	7.2 Neither Fiscal Services and Judges and Legislators Office, nor the individuals that are authorized to pick up warrants on behalf of these divisions are listed on the Designated Warrant Pick-Up list.	COMPLETE. Fiscal Services has established the updated Designated Warrant Pick-Up List so only non-management level staff are authorized to pick up payroll warrants for their respective divisions.
		7.4 The Designated Warrant Pick-Up list is not always up to date.	COMPLETE. Fiscal Services has established the updated Designated Warrant Pick-Up List so only non-management level staff are authorized to pick up payroll warrants for their respective divisions.
		7.5 Management-level employees in several divisions are listed as authorized division designees to pick up pay warrants. This is incompatible with management duties because managers also have the authority to certify personnel documents.	COMPLETE. Fiscal Services has established the updated Designated Warrant Pick-Up List so only non-management level staff are authorized to pick up payroll warrants for their respective divisions.
	Human Resources Services	7.6 Human Resources Services did not review the employee leave balance compliance with the minimum leave balance requirements for direct deposit for the period of July 1, 2006 to September 30, 2006.	IN PROGRESS. Human Resources continues to work toward consistent maintenance of employee files in relation to the Direct Deposit Program.
	Operations Support Services	8.1 Information technology equipment is not consistently assigned to the user division within the PeopleSoft Asset Management module. Often times, Information Technology Services Branch remains as the assigned user of the property after IT equipment has been delivered to the requesting division.	IN PROGRESS. Operations Support Services is working with Information Technology Services Branch to address this issue.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Operations Support Services	<p>8.3 During discussion with various division property custodians, we found the on-line instructions were not comprehensive enough to properly inform them of the detail process needed to acquire or dispose of assets within their unit.</p> <p>8.4 Operations Support Services has not made a physical count of all CalPERS fixed assets and has not reconciled it to the accounting records since November 2002. Many of the sampled assets could not be located even with the assistance of the property custodians.</p>	<p>IN PROGRESS. Property Controllers will conduct bi-monthly meetings with property custodians to provide a clear understanding of their duties in order to perform accurately and consistently. Operations Support Services is also completing procedures for property custodians to follow.</p> <p>IN PROGRESS. Management states the physical inventory has been completed as of June 2008, and the reconciliation with accounting records will be completed by December 2008.</p>
State Street Client Specific Review 12/21/07	Investment Office	<p>2.1 Recalculations were done for 48 monthly dynamic benchmarks presented within the Chief Investment Officer's performance reports to check for completeness and accuracy. Four portfolio benchmark changes were not updated resulting in an understatement of three composite fund benchmarks. One performance benchmark was overstated by three basis points and two composite funds were not included in the Chief Investment Officer's report.</p> <p>2.2 Recalculating benchmarks using State Street's web-based system could present a limitation to the Investment Office given the time and effort needed to compile and generate these reports.</p>	<p>IN PROGRESS. Index Builder is in its initial phase and will be completed approximately September 2008. At that time, the Investment Office will have access to the detail to recalculate and determine the accuracy of the benchmarks coming out of State Street.</p> <p>IN PROGRESS. Index Builder is in its initial phase and will be completed approximately September 2008. At that time, the Investment Office will have access to the detail to recalculate and determine the accuracy of the benchmarks coming out of State Street.</p>

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Configuration Management Review (5/30/08)	Information Technology Services Branch	<p>1.1 Information Technology Services Branch has not established a governing policy and procedural framework for a configuration management program.</p> <p>2.1 Information Technology Services Branch should establish policies and procedures outlining the scope of configuration items, attributes to be recorded, and baselines to be established.</p> <p>3.1 Information Technology Services Branch has not established a single repository or centrally coordinated approach to maintain data on configuration items.</p> <p>4.1 Information Technology Services Branch has not established branch-wide processes for the management of data on configuration items.</p> <p>5.1 Information Technology Services Branch does not maintain branch-wide policies on access controls to configuration data repositories.</p>	<p>CONCUR. Currently, Information Technology Services' configuration management practices are decentralized and disparate throughout the branch. However, utilizing IT industry standards and best practices, and the IT Infrastructure Library framework, ITSB has an effort underway that will implement standardized policies and procedures and establish governance for an enterprise-wide and centralized configuration management program with complementary automation tools. Target implementation date is 2nd quarter, 2009.</p> <p>CONCUR. See Response to Finding 1.1 above.</p> <p>CONCUR. See Response to Finding 1.1 above.</p> <p>CONCUR. See Response to Finding 1.1 above.</p> <p>CONCUR. See Response to Finding 1.1 above.</p>

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Configuration Management Review (5/30/08) (continued)	Information Technology Services Branch	5.2 Staff have the ability to access and later the configuration data maintained on a spreadsheet. No written procedures are available to communication restricted access to appropriately authorized staff.	CONCUR. See Response to Finding 1.1 above.
		5.3 DataCom did not provide procedures that outline processes to ensure access to configuration data in their repository is restricted to appropriately authorized staff.	CONCUR. See Response to Finding 1.1 above.
		6.1 Information Technology Services Branch has not established a governing policy and procedural framework for a configuration management program that includes periodic configuration status verification.	CONCUR. See Response to Finding 1.1 above.
		6.2 Historical records for configuration items are not maintained to enable reconciliation among baseline, authorized changes and actual configurations.	CONCUR. See Response to Finding 1.1 above.
		6.3 Information Technology Services Branch does not maintain historical records for installed configuration items to enable reconciliation of baseline, authorized changes and actual configurations.	CONCUR. See Response to Finding 1.1 above.
		7.1 Information Technology Services Branch does not maintain policies at the branch level for controlling access to software libraries.	CONCUR. See Response to Finding 1.1 above.

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Configuration Management Review (5/30/08) (continued)	Information Technology Services Branch	<p>7.2 Access and sign-out logs for admission to physical software libraries are not reviewed and an authorized staff access list is not maintained.</p> <p>7.3 The DataCom unit does not maintain or review an authorized staff access list and access logs for access to logical software libraries.</p>	<p>CONCUR. See Response to Finding 1.1 above.</p> <p>CONCUR. See Response to Finding 1.1 above.</p>
Review of Building Manager's Administrative Billings (6/23/08)	Operations Support Services	<p>1.1 Expenses that are to be charged to the building manager per CalPERS' contract were erroneously billed to the CalPERS building account, the payments made were incorrect, and there was inadequate supporting documentation for these charges.</p> <p>2.1 Operations Support Services does not ensure that the Colliers accounting office has proper segregation of duties relating to approval and disbursements related to invoices, checks, transfers of funds and bank reconciliations.</p>	<p>CONCUR. Operations Support Services will work with the Building Management Office to develop a procedure to review and verify all invoices to ensure they are billed to the appropriate account, the invoices are for building related items, mathematically correct, and have supporting documentation. In addition, the building manager will stamp reimbursement forms to indicate "Corporate Expense, Do Not Pay From Building Account" to prevent charging errors.</p> <p>CONCUR. Operations Support Services will work with the Building Management Office to update the separation of duties procedures to require Colliers to separate the cash disbursement duties. Colliers has revised its process so that the Senior Accountant no longer has the authority to transfer funds. This is now done by the controller and an accountant. Colliers' policy now states that any one individual cannot be the first and second signor.</p>



**AGENDA ITEM 4**  
**AUDIT RESOLUTION STATUS - INTERNAL AUDITS**  
**(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)**  
**AS OF JUNE 30, 2008**

Audit Activity (Report Issue Date)	Responsibility	Description of Risk / Finding	Status/Comments
Review of Building Manager's Administrative Billings (6/23/08) (continued)	Operations Support Services	<p>3.1 No surprise counts of petty cash were conducted nor is a log sheet used to track and summarize the petty cash disbursements and the replenishments as per policies and procedures.</p> <p>5.1 Bank reconciliations for the Parking account did not indicate the data that the reconciliations were signed off by the reviewer.</p> <p>6.1 The Colliers contract does not stipulate the type of bond required for bond covering requirements.</p> <p>6.2 The "General Liability" and the "Primary Umbrella Liability" insurance certificates revealed that the coverage amounts were reflected in Canadian dollars whereas they should be stated in US dollars.</p>	<p>CONCUR. Operations Support Services will work with the Building Management Office to develop a log sheet similar to the one used by Fiscal Services to track and summarize all petty cash disbursements and replenishments. Operations Support Services will also conduct periodic surprise counts of the petty cash to ensure proper documentation is maintained for the handling of all petty cash transactions.</p> <p>CONCUR. Operations Support Services will work with the Building Management Office to ensure that staff is trained on the statement reconciliation procedures.</p> <p>CONCUR. Operations Support Services will determine the bonding required and work with the Building Management Office to modify the contract to include the type of bond required for Colliers staff that handle and have access to CalPERS funds.</p> <p>CONCUR. Operations Support Services will keep a copy of all required bonding and insurance policies and review this information annually to ensure proper coverage and conditions comply with the contract.</p>